

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In Re:</b>  <b>W.R. GRACE &amp; CO., et al.,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (JKF)</b>
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**FEE AUDITOR'S FINAL REPORT REGARDING  
FEE APPLICATION OF BLACKSTONE ADVISORY SERVICES L. P.  
FOR THE TWENTY-EIGHTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Fee Application of Blackstone Advisory Services L.P. for the Twenty-Eighth Interim Period (the "Application").

**BACKGROUND**

1. Blackstone Advisory Services L.P. (formerly known as The Blackstone Group L.P.) ("Blackstone") was retained as financial advisor to the Debtors. Blackstone seeks approval of fees totaling \$325,000.00 and expenses totaling \$4,464.27 for its services from January 1, 2008 through March 31, 2008 (the "Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2008, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330,

Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Blackstone, and received a response from Blackstone, portions of which response are quoted herein.

### **DISCUSSION**

3. We note for informational purposes that Blackstone professionals spent a total of 392.50 hours for which fees totaling \$325,000.00 are sought. Thus, the effective hourly rate is \$802.03. We note that in the prior three interim periods, the effective hourly rates for Blackstone were \$811.69, \$634.32, and \$828.73.

4. In our initial report, we noted the following ground transportation charges for which more information was needed:

Ground Transportation - Car Service - Elite

O’Connell (car home from Blackstone after working late)	02/11/08	84.46
O’Connell (car home from Blackstone after working late)	02/13/08	90.58
O’Connell (car home from Blackstone after working late)	02/15/08	90.58
O’Connell (car home from Blackstone after working late)	02/19/08	94.66

TOTAL: 360.28

In response to our inquiry, Blackstone advised as follows: “...(I)n light of time constraints, Blackstone is withdrawing its request for reimbursement for the four transportation charges noted for a total reduction of \$360.28 which will be credited against our next invoice to the Debtors.” We appreciate Blackstone’s response and recommend a reduction of \$360.28 in expenses.

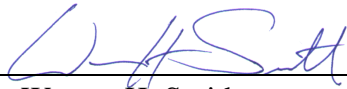
### **CONCLUSION**

In summary, we recommend approval of \$325,000.00 in fees and \$4,103.99 in expenses

(\$4,464.27 minus \$360.28) for Blackstone's services for the Application Period.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**

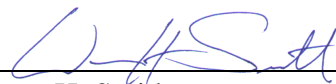
By:   
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**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 12<sup>th</sup> day of August, 2008.

  
Warren H. Smith

**SERVICE LIST**

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